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Cocoa

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World Cocoa Situation

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WORLD COCOA BEAN STOCKS FORECAST TO INCREASE IN 1987

SUMMARY

World cocoa bean production for the 1986/87 October-September season is forecast at 1.97 million tons, slightly above the record levels of the preceding two marketing years. Larger crops are expected in Brazil, Malaysia, Ghana, and Cameroon, while smaller harvests are forecast for the Cote d'Ivoire and Nigeria.

World cocoa bean grindings continue to lag the expansion in production and stocks are expected to increase for the third consecutive year. A decline in global grind is anticipated for 1986 from the record 1985 level of 1.83 million tons. However, if 1986/87 production estimates are realized, grindings in 1987 could reach 1.85 million tons. World stocks are forecast to increase by 104,000 tons in 1987, following estimated increases of 134,000 and 113,000 tons in 1986 and 1985, respectively. World carryover stocks at the close of the 1986-87 season are estimated to approximate a 4-month supply, if current supply-demand forecasts are realized.

Cocoa bean prices trended downward during the first half of 1986, but strengthened during the third quarter on news of less favorable growing conditions in the Cote d'Ivoire and on the announcement of successful negotiations regarding a new International Cocoa Agreement (ICCA) that would include the Cote d'Ivoire. During January-September 1986, cocoa bean futures prices averaged \$1,977 per ton, compared with the 1985 annual average of \$2,172 and the 1984 level of \$2,342 per ton.

Producing and consuming member countries have reached an agreement on a new ICCA that would replace the 1980 ICCA that expired on September 30, 1986. The Cote d'Ivoire, the world's largest producer, has elected to join the new ICCA, but the United States, which is the largest consumer, decided not to become a member of the new pact.

NOTE: All tons are metric (2,204.6 lbs).

COCOA BEANS: PRODUCTION IN SPECIFIED COUNTRIES, 1981/82-1986/87 1/
(1,000 metric tons)

Region and country	1981/82	1982/83	1983/84	1984/85	1985/86	Forecast 1986/87
North America:						
Costa Rica.....	5.4	2.1	3.0	4.0	5.0	5.5
Cuba.....	2.0	2.0	2.5	3.0	3.5	4.0
Dominican Republic.....	42.7	43.3	42.0	39.2	37.0	40.0
Grenada.....	2.0	2.3	2.0	2.0	2.1	2.5
Guatemala.....	1.8	1.5	2.6	1.9	2.0	2.0
Haiti.....	2.5	4.0	3.0	3.8	3.0	3.0
Honduras.....	.5	.5	.5	1.1	1.5	1.5
Jamaica.....	1.4	2.8	2.8	2.5	2.5	2.5
Mexico.....	41.3	33.7	35.8	42.0	41.0	42.5
Nicaragua.....	.2	.2	.2	.2	.2	.2
Panama.....	.8	.8	.5	.5	.5	.5
Trinidad and Tobago.....	2.7	1.8	1.6	1.3	1.5	1.5
Other 2/.....	.2	.2	.2	.2	.2	.2
Total.....	103.5	95.2	96.7	101.7	100.0	105.9
South America:						
Bolivia.....	3.0	2.5	2.5	2.5	2.5	2.5
Brazil.....	315.0	339.0	309.0	415.0	395.0	400.0
Colombia.....	38.5	39.8	40.5	42.0	44.0	45.0
Ecuador.....	87.5	55.0	55.0	128.0	100.0	100.0
Peru.....	9.5	10.0	8.0	10.0	10.0	10.0
Suriname.....	.1	.1	.1	.1	.1	.1
Venezuela.....	14.8	14.8	12.2	10.5	11.1	11.5
Total.....	468.4	461.2	427.3	608.1	562.7	569.1
Africa:						
Angola.....	.2	.2	.2	.2	.2	.2
Cameroon.....	120.1	106.0	109.0	120.0	117.0	120.0
Comoro Islands.....	.1	.1	.1	.1	.1	.1
Congo.....	2.3	1.4	1.9	1.6	1.5	1.5
Cote d'Ivoire 3/.....	464.8	360.4	411.1	565.0	570.0	525.0
Equatorial Guinea.....	8.0	9.0	9.0	8.0	8.0	8.0
Gabon.....	2.9	2.5	1.6	1.5	2.0	2.0
Ghana.....	225.0	179.0	159.0	175.0	215.0	240.0
Liberia.....	5.5	5.2	6.0	6.3	6.0	6.0
Madagascar.....	1.8	2.3	2.5	2.5	2.5	2.5
Nigeria 4/.....	183.0	160.0	125.0	170.0	135.0	125.0
Sao Tome and Principe.....	5.1	4.7	3.4	3.5	4.0	4.0
Sierra Leone.....	9.3	9.1	7.6	11.0	10.0	10.0
Tanzania.....	1.2	1.3	1.3	1.0	1.0	1.0
Togo 3/.....	10.9	9.7	21.0	7.0	12.0	15.0
Uganda.....	.1	.1	.2	.3	.3	.3
Zaire.....	4.4	4.7	4.0	4.0	4.0	4.0
Total.....	1,044.7	855.7	862.9	1,077.0	1,088.6	1,064.6
Asia and Oceania:						
Fiji Islands.....	.2	.2	.3	.2	.2	.2
India.....	4.0	4.5	5.0	5.0	6.0	6.0
Indonesia.....	17.3	19.6	23.3	32.4	35.5	38.0
Malaysia.....	61.0	68.0	90.0	100.0	130.0	150.0
Papua New Guinea.....	28.5	28.5	28.2	30.0	30.9	30.0
Philippines.....	5.3	4.5	5.5	5.0	5.0	5.0
Solomon Islands.....	.8	.9	1.3	1.2	1.3	1.3
Sri Lanka.....	1.5	1.5	1.5	1.5	1.5	1.5
Vanuatu.....	.7	1.1	.9	.6	.9	.9
Western Samoa.....	.6	1.7	1.0	.7	1.0	1.0
Total.....	119.9	130.5	157.0	176.6	212.3	233.9
Grand total.....	1,736.6	1,542.6	1,543.9	1,963.4	1,963.6	1,973.5

1/ Estimates refer to an October-September crop year. 2/ Includes Dominica, St. Lucia, Guadeloupe, and Martinique. 3/ Includes some cocoa marketed from Ghana. 4/ Includes cocoa marketed through Benin.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source material, reports of Agricultural Attaches and Foreign Service Officers, results of office research and related information.

WORLD COCOA BEAN SUPPLY-DEMAND AND APPARENT STOCK CHANGE, 1949/50-1986/87

Oct.-Sept. season	Production 1/		Grind 2/	Apparent stock change	New York	
	Gross	Net			: bean prices 3/ cents/1b	
	-----1,000 metric tons-----					
:						
1949/50.....	768	760	789	-29	29.0	
1950/51.....	806	798	756	+42	36.7	
1951/52.....	647	641	726	-85	35.2	
1952/53.....	809	801	809	-8	34.2	
1953/54.....	786	778	744	+34	56.5	
1954/55.....	786	778	731	+47	41.4	
1955/56.....	836	828	837	-9	28.8	
1956/57.....	898	889	919	-30	27.2	
1957/58.....	761	753	858	-105	43.5	
1958/59.....	899	890	874	+16	38.0	
1959/60.....	1,043	1,033	931	+102	29.9	
1960/61.....	1,164	1,152	1,026	+126	23.5	
1961/62.....	1,125	1,114	1,120	-6	21.9	
1962/63.....	1,162	1,150	1,154	-4	23.9	
1963/64.....	1,239	1,227	1,194	+33	24.1	
1964/65.....	1,491	1,476	1,340	+136	18.4	
1965/66.....	1,220	1,208	1,388	-180	23.1	
1966/67.....	1,336	1,323	1,386	-63	27.5	
1967/68.....	1,352	1,338	1,410	-72	30.9	
1968/69.....	1,236	1,224	1,353	-129	45.1	
1969/70.....	1,423	1,409	1,355	+54	37.3	
1970/71.....	1,493	1,478	1,438	+40	29.2	
1971/72.....	1,572	1,556	1,567	-11	29.0	
1972/73.....	1,406	1,392	1,551	-159	55.5	
1973/74.....	1,458	1,443	1,489	-46	91.2	
1974/75.....	1,542	1,527	1,471	+56	82.7	
1975/76.....	1,511	1,496	1,536	-40	92.0	
1976/77.....	1,346	1,333	1,389	-56	189.8	
1977/78.....	1,512	1,497	1,412	+85	147.7	
1978/79.....	1,506	1,491	1,470	+21	154.3	
1979/80.....	1,668	1,651	1,510	+141	123.5	
1980/81.....	1,694	1,677	1,599	+78	90.6	
1981/82.....	1,737	1,720	1,607	+113	80.2	
1982/83.....	1,543	1,528	1,652	-124	84.2	
1983/84.....	1,544	1,529	1,750	-221	106.6	
1984/85.....	1,963	1,943	1,830	+113	98.1	
1985/86.....	1,964	1,944	1,810	+134	92.5	
1986/87 forecast:	1,974	1,954	1,850	+104	---	
:						

1/ FAS data. An adjustment of 1 percent for loss in weight is made to arrive at a net production figure. 2/ Gill & Duffus data. Calendar year grind, refers to last year of crop year. FAS data for last 2 years. 3/ Average for October-September year. Spot Accra prices through September 1977. Beginning October 1977, all price data refer to the average of the daily closing price of the nearest 3 active futures trading months on the New York market.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source material, reports of Agricultural Attaches and Foreign Service Officers, results of office research and related information.

Cote d'Ivoire production is forecast to be lower because of less favorable growing conditions. Although rains have picked up during the last half of September, drier than usual weather during July and August in several major cocoa growing regions will likely result in a reduction in output this season. However, new plantings and young trees increasing in productivity are partially offsetting the effects of unfavorable weather. Producer prices for the 1986/87 season have been set at 400 CFA francs per kilogram, the same as that paid for the 1985/86 crop. (\$1.00=335 CFA francs)

Cocoa bean exports in 1985 totaled 419,342 tons, 6 percent below a year earlier. Major recipients of the 1985 cocoa bean exports were the Netherlands, 166,842 tons; the United States, 73,675; the USSR 51,072; West Germany, 41,314; France, 23,161; and the United Kingdom, 12,287 tons. Exports of cocoa products in 1985 continued strong with shipments of cocoa paste totaling 51,392 tons; cocoa butter, 23,987; chocolate, 7,891; and cocoa powder, 112 tons. Cocoa bean grindings by the local processing industry during 1985 continued to expand and were reported at 95,808 tons.

A further recovery in Ghana's production is anticipated this season. Higher producer prices have encouraged better cultural practices and also have reversed the trend of farmers diversifying from cocoa into food crop production. Grower prices were increased for the 1986 mid-crop to 2,550 cedis per 30 kilograms from 1,698 cedis paid for the 1985/86 main crop to compensate for the January devaluation of the cedi. Producer prices for the 1986/87 main crop are not anticipated to increase from the 2,550 cedi level. (\$1.00=90 cedis at the official rate, unofficially it is more than double this amount)

Although the 1986/87 main crop experienced low rainfall in May and June, the amount of moisture received was deemed adequate for good crop development. Spray materials are reported to be in plentiful supply and the rehabilitation of abandoned farms and the replanting of bush fire-destroyed areas continues. The Cocoa Board reported that 139,000 hectares were damaged by the 1983 fires and 61,000 hectares required replanting, with 70 percent already replanted by January 1986. The Government hopes to reach a production goal of 300,000 tons by 1990. This is nearly double the output nadir of 1983/84, but remains well below the average level of the 1960's and early 1970's.

Ghana: COCOA BEAN MAIN CROP PRODUCTION BY REGION

<u>Region</u>	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>
-----Metric tons-----			
Ashanti	45,907	43,266	52,084
Brong Ahafo	29,070	27,906	35,390
Eastern	24,595	26,912	31,762
Central	13,213	17,781	25,665
Western	38,313	48,358	59,557
Volta	2,639	1,004	856
Total	153,737	165,227	205,314

Source: Ghana Cocoa Board.

Brazilian production for 1986/87 is forecast to be larger, reflecting favorable growing conditions for the 1986/87 Bahia main crop. Arrivals of the 1986 Bahia temporao crop were somewhat disappointing at 2,773,565 bags (166,414 tons), compared with the 1985 temporao arrivals of 3,125,909 bags (187,555 tons). Production from other Brazilian states in 1986 was estimated to have approximated 533,000 bags (32,000 tons).

Brazil's total area planted to cocoa is estimated at 655,000 hectares, with harvested area at 630,000 hectares. The current emphasis is on increasing yields through improved cultural practices rather than expanding area. Exports of cocoa beans and products during calendar year 1985 were valued at \$780 million, and accounted for 3 percent of Brazil's foreign exchange earnings.

Production in Ecuador is forecast to approximate the 1985/86 outturn of 100,000 tons. As in Brazil, the Government is promoting improved cultural practices rather than the expansion of new areas to cocoa. Cocoa bean exports in 1985 totaled 67,673 tons, of which 42,226 tons were to the United States, and chocolate liquor exports were 20,504 tons, with 13,405 tons going to the U.S. market.

The Nigerian government has abolished the Cocoa Marketing Board, thus permitting private traders to buy and export cocoa. This action will likely result in higher grower prices and reduced contraband movement to neighboring countries. Spray materials continue to be in tight supply and are priced at very high levels. The Government still will monitor the quality of cocoa shipments and provide fumigation at a fee charged to the exporter.

Nigerian exports of cocoa beans in 1985 totaled 92,891 tons, with 36,389 tons going to the United Kingdom; 16,937 to the Netherlands; 15,376 to the USSR; 11,079 to West Germany; and 7,850 tons to the United States. Cocoa butter exports were 11,216 tons; cocoa cake 10,292; and cocoa powder 1,760 tons. Most cocoa product exports are to the Netherlands and the United Kingdom.

A modest increase in Cameroon's production is forecast for 1986/87. Producer prices for grade 1 cocoa beans were set at 420 CFA francs per kilogram, the same as that paid growers for the 1985/86 harvest. (\$1.00=335 CFA francs)

Malaysian production is forecast at a record 150,000 tons, 15 percent greater than the 1985/86 outturn. Growing conditions have been favorable and farmers have been reasonably successful in controlling the cocoa pod borer. The total area planted to cocoa in 1986 was placed at 271,000 hectares --180,000 in Sabah, 75,000 in Peninsular Malaysia, and 16,000 hectares in Sarawak. Efforts are continuing to improve quality through a Government-sponsored grading system. Malaysian cocoa beans are usually traded at a discount on terminal markets because of their high acidity, higher shell content, and irregular and small size.

Malaysian cocoa bean exports in 1985 were 81,162 tons, with 39,894 tons going to Singapore and 24,193 tons to the Netherlands. Cocoa butter exports in 1985 totaled 9,030 tons and unsweetened cocoa powder 4,026 tons.

Indonesian production has rapidly expanded with 1986/87 output forecast to reach 38,000 tons, nearly double the 1982/83 level of 19,600 tons. The total area under cocoa in 1985 was placed at 78,386 hectares, compared with 42,969 hectares in 1981. Of this amount, state-owned estates had 27,845 hectares; private estates, 15,926; and smallholders, 36,615 hectares. The major producing areas are in East Java, North Sumatra, and Southeast Sulawesi.

In India, a new cocoa processing factory was inaugurated on September 1, 1986 with an installed capacity of 13,000 tons annually. The facility is owned by the Central Arecanut and Cocoa Marketing and Processing Cooperative Ltd. and is located in South India, near Mangalore in Karnataka. The factory will produce cocoa and chocolate products for both domestic and export markets.

Indian cocoa bean production has been gradually increasing and is currently estimated at about 6,000 tons, with output projected to reach 10,000 tons by 1990. The major producing States are Karnataka and Kerala, where cocoa is intercropped with coconuts and arecanuts.

MAJOR IMPORTERS

U.S. cocoa bean grindings (excluding 1 major processor) during January-September 1986 totaled 117,038 tons, 6.3 percent below the corresponding 1985 period. Imports of cocoa beans, cocoa butter, sweetened cocoa powder, and chocolate confectionery also were lower according to January-August data. Imports of cocoa beans were off by nearly 28 percent, reflecting a sharp drop in shipments from the Cote d'Ivorie and Ecuador. However, imports from Ghana have more than doubled year earlier levels.

U.S. IMPORTS OF COCOA BEANS AND PRODUCTS, JANUARY-AUGUST 1985 AND 1986

Item	January-August				Percent change in volume
	1985	1986	MT	\$1000	
Cocoa beans.....	210,741	435,928	152,252	318,151	-27.7
Chocolate liquor.....	32,231	83,487	36,151	90,054	+12.2
Sweetened chocolate.....	29,150	56,971	32,457	64,664	+11.3
Cocoa butter.....	48,100	227,690	46,480	216,128	-5.1
Unsweetened powder/cake.	54,283	73,741	59,955	62,776	+10.4
Sweetened cocoa powder..	3,179	3,652	887	924	-72.1
Confectioners coatings..	1,807	2,605	2,818	3,790	+55.9
Chocolate confectionery.	16,072	44,672	12,429	47,044	-22.7
Total.....	395,563	928,746	343,429	803,531	-13.2

Source: U.S. Department of Commerce. All values are f.o.b. country of origin.

U.K. cocoa bean grindings during the first 3 quarters of 1986 were 63,195 tons, 11 percent lower than the January-September 1985 period. West German grindings for the same period totaled 146,873 tons, down 4 percent. In contrast, grindings in the Netherlands have continued strong. Grinding data for the USSR are not available, but imports of cocoa beans in 1985 totaled 154,868 tons, compared with 1984 imports of 149,984 tons and 162,279 tons in 1983.

COCOA BEAN GRINDINGS BY SPECIFIED COUNTRIES, BY QUARTERS, 1977-86
(Metric tons)

Quarter	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
United States										
1st.....: 56,473 42,048 40,572 33,478 48,358 47,729 45,883 42,416 1/ 38,970 1/ 33,761 1/										
2nd.....: 46,902 38,420 41,359 31,489 46,001 50,649 46,671 41,590 1/ 37,519 1/ 37,014 1/										
3rd.....: 40,914 36,923 41,401 34,877 48,761 50,068 47,825 40,904 1/ 40,549 1/ 42,264 1/										
4th.....: 39,463 45,269 36,970 42,368 47,059 50,680 53,231 39,532 1/ 36,873 1/ ---										
Total....: 183,752 162,660 160,302 142,212 190,179 199,126 193,610 164,442 1/ 153,911 1/ ---										
West Germany										
1st.....: 38,297 39,770 37,592 40,240 41,739 45,125 45,681 49,900 57,042 53,643										
2nd.....: 32,315 34,724 34,819 35,405 37,583 39,850 41,019 48,570 51,722 50,641										
3rd.....: 30,494 30,308 30,337 32,937 35,437 35,757 43,010 42,381 44,047 42,589										
4th.....: 41,187 38,847 39,506 42,635 44,681 46,311 49,752 52,617 53,995 ---										
Total....: 142,293 143,649 142,254 151,217 159,440 167,043 179,462 193,468 206,806 ---										
Netherlands										
1st.....: 34,940 33,990 35,390 35,080 36,040 38,440 40,510 44,350 44,633 46,200										
2nd.....: 31,980 31,480 29,280 31,370 34,290 34,930 37,890 39,970 41,690 45,050										
3rd.....: 26,610 26,680 29,760 29,510 32,650 33,670 35,170 34,960 36,970 40,290										
4th.....: 32,590 33,760 33,030 36,660 37,980 41,330 43,370 42,140 44,060 ---										
Total....: 126,120 125,910 127,460 132,620 140,960 148,370 156,940 161,420 167,353 ---										
United Kingdom										
1st.....: 22,000 21,010 17,700 15,500 21,400 25,335 19,825 22,338 26,547 21,109										
2nd.....: 20,500 19,000 15,900 16,100 21,300 21,079 18,144 21,864 24,435 21,998										
3rd.....: 16,400 15,900 12,300 15,500 20,200 19,594 17,434 21,120 19,981 20,088										
4th.....: 16,400 16,500 14,700 18,200 23,070 22,087 21,319 24,230 20,332 ---										
Total....: 75,300 72,410 60,600 65,300 85,970 88,095 76,722 89,552 91,295 ---										
France										
1st.....: 10,725 10,815 11,530 12,525 12,600 13,090 12,185 13,960 12,360 10,915										
2nd.....: 10,450 10,905 11,455 10,860 11,955 12,315 12,850 12,445 10,620 ---										
3rd.....: 7,455 7,330 8,820 9,050 9,620 9,730 10,870 11,070 8,315 ---										
4th.....: 7,685 10,940 11,365 10,690 12,860 10,410 11,725 9,695 11,190 ---										
Total....: 36,315 39,990 43,170 43,125 47,035 45,545 47,630 47,170 42,485 ---										
Belgium										
1st.....: 4,499 4,015 4,504 6,082 7,755 4,951 7,789 8,883 9,850 9,082										
2nd.....: 3,795 3,528 3,552 5,238 6,983 4,032 7,654 8,044 8,363 8,131										
3rd.....: 4,437 3,131 3,179 5,063 6,527 3,566 7,257 8,288 8,118 ---										
4th.....: 4,111 4,723 5,312 6,341 7,529 5,060 10,112 10,435 9,828 ---										
Total....: 16,842 15,397 16,547 22,724 28,794 17,609 32,812 35,650 36,159 ---										
Switzerland										
1st.....: 4,407 3,699 3,096 5,300 4,748 4,548 5,568 5,560 6,440 5,381										
2nd.....: 3,648 3,830 3,930 3,927 2,932 4,307 4,548 4,548 4,435 4,046										
3rd.....: 4,305 3,409 2,862 3,774 4,683 3,980 3,818 4,724 4,541 ---										
4th.....: 3,809 3,364 4,077 4,231 5,728 4,767 4,316 4,612 4,946 ---										
Total....: 16,169 14,302 13,965 17,232 18,091 17,602 18,250 19,444 20,362 ---										
Japan										
1st.....: 7,024 4,175 4,837 5,851 6,460 7,600 7,504 7,973 7,938 ---										
2nd.....: 5,956 5,465 4,877 5,027 6,552 7,300 7,201 7,409 7,182 ---										
3rd.....: 6,725 5,727 6,073 6,820 7,745 8,241 9,493 9,303 9,662 ---										
4th.....: 6,014 5,764 6,598 7,059 8,354 8,979 9,324 9,387 9,368 ---										
Total....: 25,719 21,131 22,385 24,757 29,111 32,029 33,522 34,072 34,150 ---										
Canada										
1st.....: 3,483 2,801 2,871 3,432 4,541 4,114 4,027 4,827 5,301 5,190										
2nd.....: 2,888 2,373 2,231 3,076 3,366 3,698 3,889 5,261 5,166 4,957										
3rd.....: 2,011 2,164 1,913 2,411 3,246 2,907 3,337 5,586 4,538 ---										
4th.....: 3,029 3,245 3,513 3,234 5,730 4,989 4,767 6,534 5,849 ---										
Total....: 11,411 10,583 10,528 12,153 16,883 15,708 16,020 22,208 20,854 ---										
Italy										
1st.....: 5,857 7,010 6,264 8,019 8,618 9,595 8,376 8,008 11,149 10,924										
2nd.....: 6,888 8,520 10,020 8,381 8,065 10,051 7,902 5,556 10,466 ---										
3rd.....: 5,287 6,338 6,898 8,139 5,818 5,977 8,137 9,750 8,813 ---										
4th.....: 8,334 8,191 10,425 9,254 12,639 13,593 11,990 16,500 17,020 ---										
Total....: 26,366 30,059 33,607 33,793 35,140 39,216 36,405 39,814 47,448 ---										

^{1/} Incomplete data--grind excludes reporting by 1 major processor.

SOURCE: National statistics of the respective countries.

INTERNATIONAL COCOA AGREEMENT

At the Fifth Session of the United Nations Cocoa Conference held in Geneva during July, producers and consumers reached agreement on the principal elements of a new International Cocoa Agreement to replace the 1980

ICCA, which expired September 30, 1986. The new pact includes the Cote d'Ivoire, the world's largest producer, which did not join the 1980 Agreement--but not the United States, the world's largest consumer. Allowing for a 4-month transitional period--up to the end of January 1987, the new ICCA will be effective for 3 years. Then it may be extended for 2 years, and for another year, if a new Agreement has not been developed. Membership consisting of 80 percent of world exporters and 65 percent of importers was needed for the new ICCA to enter into force.

The cornerstone of the new ICCA is still a 250,000-ton capacity buffer stock (BS)--of which 100,000 tons of cocoa is to be carried over from the 1980 pact--re-inforced by a Withholding Scheme in case the BS is unable to maintain prices within the designated range. The BS will be financed by a \$45 per ton (2-cent/lb) levy, either on first time exports or imports by members. The new ICCA is also highlighted by the introduction of semi-automatic adjustment mechanisms and price reviews, which will enable it to be more flexible to cope with changing market conditions.

To allow for currency fluctuations, prices are to be based on SDR's (Special Drawing Rights). SDR's were established by the International Monetary Fund and are a basket of currencies consisting of the monetary units of the United States, the United Kingdom, Japan, West Germany, and France. The price range of the new ICCA will be as follows:

	<u>SDR's/ton</u>	<u>Approximate cents/lb</u>
Upper intervention price (must sell)	2,270	121
May sell price	2,215	118
Median price	1,935	103
May buy price	1,655	88
Lower intervention price (must buy)	1,600	85

Under an annual review, prices will be adjusted automatically by SDR 115/ton (6 cents/lb), up or down, if they breach mandatory intervention levels and if the BS Manager has bought or sold 75,000 tons of cocoa within a 6-month period.

The price of cocoa is to be determined by reference to a daily price and an indicator price expressed in SDR's per ton. The daily price refers to daily average quotes for cocoa beans of the nearest 3 active futures trading months on the London Cocoa Terminal Market and on the New York Coffee, Sugar, and Cocoa Exchange at the time of the London close. The indicator price refers to the average of the daily prices over a period of 10 consecutive market days.

The Withholding Scheme is a supplementary measure that can be implemented under the supervision of the BS Manager when either the indicator price is at or below the lower intervention price for 5 or more consecutive days, and when either 80 percent of the maximum capacity of the BS has been filled, or when

the net financial resources of the BS are only sufficient to purchase 30,000 tons of cocoa. Under this scheme, a maximum total of 120,000 tons may be withheld in tranches of 30,000 each. Each tranche withheld will be distributed among the exporting members, pro-rated as to the latest 3-year average of their annual exports. After the first tranche of 30,000 tons, further successive tranches are to be withheld whenever the indicator price is at or below the lower intervention price for a period of 20 or more consecutive market days.

The release of cocoa from this scheme would begin when the indicator price has been at or above the medium price for 10 consecutive market days. BS sales may not begin until all cocoa has been released from the Withholding Scheme.

At the 29th Session of the Cocoa Council held in September, the following provisional schedule of meetings was approved for the 1986/87 cocoa year:

December 1-5, 1986	Council Working Group on Buffer Stock Rules
	Statistics Committee
January 19-23, 1987	Council, Executive Committee and subsidiary bodies
March 4-13, 1987	Council, Executive Committee and subsidiary bodies
June 11-12, 1987	Executive Committee
September 2-11, 1987	Council, Executive Committee and subsidiary bodies

This circular was prepared by Rex E.T. Dull, Horticultural and Tropical Products Division, FAS, (202) 447-2974. For further information on production estimates, contact Frank Hokana, Foreign Production Estimates Division, FAS, (202) 382-8875.

U.S. SPOT COCOA PRICES FOR SELECTED ORIGINS OF COCOA BEANS AND PRODUCTS, 1982/83-1985/86
(Dollars per metric ton)

Crop Year	Cocoa Beans				Chocolate Liquor		Cocoa Butter		Cocoa Cake	
	Ivory Coast	Brazil	Dominican Republic	Ecuador	Ecuador	Brazil	African	Other	10-12% fat	
	:	:	:	:	:	:	:	:	:	
1982/83										
October.....:	1,733	1,620	1,527	1,534	1,850	1,997	3,783	3,691	502	
November.....:	1,555	1,526	1,388	1,427	1,682	1,843	3,515	3,434	480	
December.....:	1,678	1,671	1,501	1,539	1,901	2,047	3,794	3,704	538	
January.....:	1,860	1,857	1,660	1,700	2,091	2,270	4,138	4,035	595	
February.....:	2,032	2,026	1,815	1,873	2,299	2,470	4,453	4,357	651	
March.....:	1,953	1,940	1,724	1,779	2,173	2,351	4,135	4,030	721	
April.....:	1,978	1,951	1,756	1,821	2,205	2,378	4,129	4,014	831	
May.....:	2,162	2,131	1,939	2,022	2,453	2,608	4,513	4,395	961	
June.....:	2,387	2,347	2,147	2,265	2,792	2,875	4,927	4,806	1,099	
July.....:	2,382	2,348	2,150	2,269	2,821	2,876	4,877	4,744	1,207	
August.....:	2,395	2,355	2,152	2,264	2,808	2,887	4,809	4,706	1,475	
September....:	2,253	2,213	2,022	2,141	2,643	2,682	4,452	4,372	1,402	
:										
Average.....:	2,031	1,999	1,815	1,886	2,310	2,440	4,294	4,191	872	
:										
1983/84										
October.....:	2,218	2,162	1,975	2,101	2,600	2,622	4,358	4,255	1,345	
November.....:	2,239	2,306	2,118	2,262	2,680	2,801	4,721	4,595	1,402	
December.....:	2,688	2,671	2,476	2,631	3,280	3,280	5,511	5,369	1,694	
January.....:	2,779	2,791	2,556	2,750	3,355	3,387	5,610	5,386	1,906	
February.....:	2,692	2,703	2,480	2,686	3,150	3,234	5,422	5,230	1,808	
March.....:	2,718	2,717	2,490	2,614	3,151	3,280	5,681	5,743	1,780	
April.....:	2,692	2,715	2,471	2,556	3,128	3,253	5,592	5,469	1,738	
May.....:	2,836	2,894	2,623	2,688	3,319	3,500	5,883	5,773	1,850	
June.....:	2,598	2,716	2,375	2,456	3,027	3,192	5,307	5,236	1,644	
July.....:	2,357	2,473	2,136	2,219	2,765	2,878	4,877	4,806	1,412	
August.....:	2,436	2,542	2,252	2,322	2,846	2,922	5,085	5,008	1,358	
September....:	2,573	2,639	2,374	2,444	2,995	3,075	5,327	5,267	1,385	
:										
Average.....:	2,569	2,611	2,361	2,477	3,025	3,119	5,281	5,178	1,610	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	
1984/85										
October.....:	2,430	2,562	2,219	2,282	2,873	2,965	5,211	5,166	1,269	
November.....:	2,457	2,620	2,246	2,307	2,862	2,997	5,270	5,227	1,254	
December.....:	2,317	2,489	2,163	2,185	2,706	2,857	5,152	5,107	1,110	
January.....:	2,313	2,389	2,173	2,191	2,758	2,924	5,471	5,414	993	
February.....:	2,342	2,400	2,194	2,236	2,816	2,955	5,695	5,612	887	
March.....:	2,398	2,428	2,292	2,297	2,887	3,021	5,603	5,551	881	
April.....:	2,496	2,434	2,349	2,407	2,856	2,975	5,531	5,454	920	
May.....:	2,438	2,349	2,209	2,268	2,720	2,834	5,139	5,065	865	
June.....:	2,412	2,223	2,044	2,137	2,626	2,755	4,970	4,917	813	
July.....:	2,483	2,271	2,126	2,149	2,720	2,855	5,148	5,095	808	
August.....:	2,532	2,327	2,130	2,172	2,766	2,905	5,315	5,268	798	
September....:	2,576	2,391	2,213	2,231	2,821	2,982	5,465	5,440	811	
:										
Average.....:	2,433	2,407	2,197	2,239	2,784	2,919	5,331	5,276	951	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	
1985/86										
October.....:	2,547	2,406	2,208	2,221	2,796	2,974	5,431	5,389	866	
November.....:	2,446	2,340	2,132	2,133	2,706	2,866	5,277	5,244	845	
December.....:	2,522	2,452	2,250	2,249	2,830	2,977	5,541	5,504	874	
January.....:	2,455	2,387	2,215	2,219	2,761	2,942	5,374	5,345	850	
February.....:	2,334	2,274	2,111	2,133	2,604	2,788	5,066	5,040	790	
March.....:	2,208	2,167	1,999	2,038	2,479	2,674	4,823	4,792	776	
April.....:	2,067	2,035	1,866	1,890	2,319	2,500	4,520	4,477	754	
May.....:	2,012	1,961	1,766	1,801	2,225	2,399	4,341	4,294	739	
June.....:	2,032	1,958	1,756	1,805	2,236	2,411	4,350	4,307	746	
July.....:	2,196	2,097	1,904	1,960	2,440	2,598	4,712	4,660	821	
August.....:	2,203	2,127	1,940	1,985	2,491	2,642	4,744	4,679	873	
September....:	2,354	2,278	2,095	2,138	2,732	2,866	5,104	5,033	969	
:										
Average.....:	2,281	2,207	2,020	2,048	2,552	2,720	4,940	4,897	825	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	

SOURCE: The Cocoa Merchants Association. All prices are nominal and are net ex-dock or ex-warehouse, U.S. eastern seaboard north of Hatteras, for merchandise physically available in interstate commerce, in truckload quantities, and in regular commercial quality.

NEW YORK COCOA BEAN FUTURES PRICES, 1965-86 1/
(In cents per pound)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Average
1965.....	20.8	18.7	15.7	15.3	14.4	12.7	11.3	14.3	16.1	16.4	17.6	20.4	16.1
1966.....	21.3	21.1	21.8	23.3	22.8	23.4	25.8	25.7	22.3	22.6	21.9	24.5	23.0
1967.....	25.5	27.0	26.3	25.2	25.2	25.6	24.8	25.8	27.4	26.6	28.2	28.3	26.3
1968.....	28.8	27.3	27.3	27.6	27.2	26.7	27.2	28.6	34.2	36.5	42.3	44.7	31.5
1969.....	40.5	39.3	38.7	38.1	37.9	39.0	41.2	39.9	39.3	40.5	41.8	38.4	39.6
1970.....	33.4	29.5	29.6	28.8	26.2	25.7	27.7	32.7	33.1	31.4	29.6	28.6	29.7
1971.....	23.6	24.7	24.0	24.3	22.7	24.0	25.7	26.4	24.4	22.2	21.7	21.4	23.8
1972.....	23.8	24.5	25.9	26.0	27.4	27.3	28.9	30.3	32.2	32.7	32.1	32.7	28.7
1973.....	31.9	33.7	37.8	42.0	51.3	52.7	70.0	64.4	59.8	57.3	51.8	51.8	50.4
1974.....	51.3	60.0	70.4	85.5	86.4	75.4	79.6	79.0	80.0	82.6	76.0	64.9	74.3
1975.....	64.4	66.6	62.6	54.9	47.9	44.0	53.6	53.5	54.2	56.0	56.0	60.4	56.2
1976.....	63.0	65.7	65.6	75.9	82.7	89.8	90.3	97.3	110.7	117.7	135.3	137.0	94.3
1977.....	154.4	172.8	183.4	162.2	170.0	195.1	200.9	179.7	177.8	159.5	160.3	148.3	172.0
1978.....	131.2	128.9	153.9	153.5	140.6	134.6	142.6	150.8	168.6	170.3	179.6	175.2	152.5
1979.....	162.8	155.6	149.0	142.5	147.4	152.1	139.6	135.8	141.4	134.8	131.4	139.3	144.3
1980.....	139.1	142.4	136.0	127.9	113.5	108.6	106.2	99.3	103.6	100.9	93.7	91.2	113.5
1981.....	92.1	88.8	92.5	91.6	82.6	69.6	88.0	96.5	100.6	94.8	88.3	91.7	89.8
1982.....	95.6	89.6	83.8	75.2	73.3	66.2	66.1	66.0	71.6	70.8	64.8	69.6	74.4
1983.....	77.6	83.9	80.1	81.4	89.8	99.8	99.6	99.7	93.0	91.3	97.1	112.0	92.1
1984.....	115.2	110.8	113.0	112.8	118.8	108.2	97.1	98.6	104.3	99.8	100.6	95.5	106.2
1985.....	98.3	100.0	98.9	101.6	96.1	91.5	95.7	98.2	101.3	102.5	97.9	102.0	98.7
1986.....	100.6	95.5	91.0	84.9	81.4	81.4	87.6	89.1	95.6	—	—	—	—

1/ Average of the daily closing price of the nearest three active futures trading months on the New York market.

SOURCE: Coffee, Sugar & Cocoa Exchange, Inc.

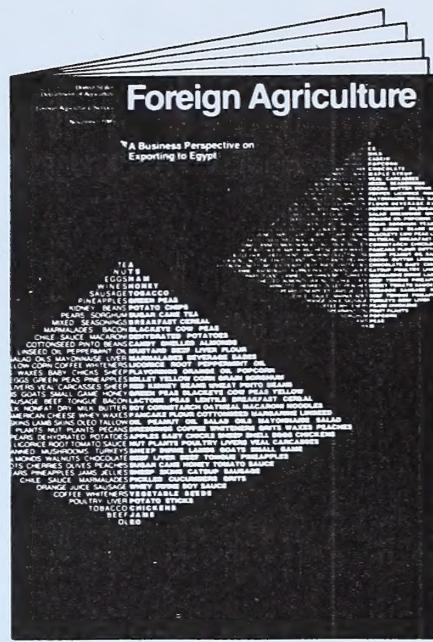
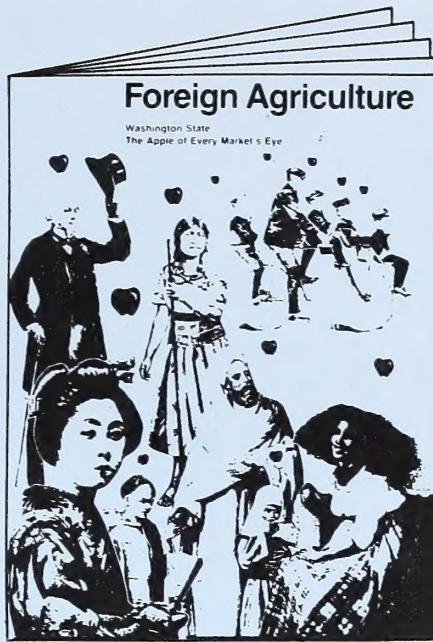
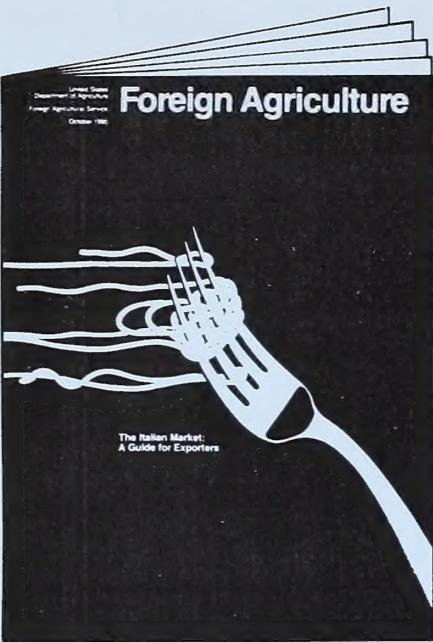
NEW YORK COCOA BEAN FUTURES PRICES, 1965-86 1/
(Dollars per metric ton)

Item	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
1965.....:	459	412	346	337	317	280	249	315	355	362	388	450	355
1966.....:	470	465	481	514	503	516	569	567	492	498	483	540	508
1967.....:	562	595	580	556	564	547	569	604	586	622	624	580	580
1968.....:	635	602	608	600	589	600	631	754	805	933	985	695	695
1969.....:	893	866	853	840	836	860	908	880	866	893	922	847	872
1970.....:	736	650	653	635	578	567	611	721	730	692	653	631	655
1971.....:	520	545	529	536	500	529	567	582	538	489	478	472	524
1972.....:	525	540	571	573	604	602	637	668	710	721	708	721	633
1973.....:	703	743	833	926	1,131	1,162	1,543	1,420	1,318	1,263	1,142	1,142	1,111
1974.....:	1,131	1,323	1,552	1,885	1,905	1,662	1,755	1,742	1,764	1,821	1,675	1,431	1,637
1975.....:	1,420	1,468	1,380	1,210	1,056	970	1,182	1,179	1,195	1,235	1,235	1,332	1,239
1976.....:	1,389	1,448	1,446	1,673	1,823	1,980	1,991	2,145	2,440	2,595	2,983	3,020	2,078
1977.....:	3,404	3,810	4,043	3,576	3,748	4,301	4,429	3,962	3,920	3,516	3,534	3,269	3,792
1978.....:	2,892	2,842	3,393	3,384	3,100	2,967	3,144	3,325	3,717	3,754	3,959	3,862	3,362
1979.....:	3,589	3,430	3,285	3,142	3,250	3,353	3,078	2,994	3,117	2,972	2,897	3,071	3,181
1980.....:	3,067	3,139	2,998	2,820	2,502	2,394	2,341	2,189	2,284	2,224	2,066	2,011	2,502
1981.....:	2,030	1,958	2,039	2,019	1,821	1,534	1,940	2,127	2,218	2,090	1,947	2,022	1,979
1982.....:	2,108	1,975	1,847	1,658	1,616	1,459	1,457	1,455	1,578	1,561	1,429	1,534	1,640
1983.....:	1,711	1,850	1,766	1,795	1,980	2,200	2,196	2,198	2,050	2,013	2,141	2,469	2,030
1984.....:	2,539	2,443	2,491	2,487	2,619	2,385	2,141	2,173	2,300	2,200	2,218	2,105	2,342
1985.....:	2,130	2,205	2,180	2,239	2,118	2,017	2,110	2,165	2,233	2,259	2,158	2,249	2,172
1986.....:	2,218	2,105	2,006	1,873	1,795	1,795	1,931	1,964	2,108	—	—	—	—

1/ Average of the daily closing price of the nearest three active futures trading months on the New York market.

SOURCE: Coffee, Sugar and Cocoa Exchange, Inc.

October 1986



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